

AGREEMENT FOR SERVICES

AGREEMENT made and entered into this 10th day of June, 2010, by and between the Department of Labor, South Dakota Board of Accountancy, 301 E. 14th Street, Suite 200, Sioux Falls, South Dakota 57104 (hereinafter the "State") and East, Vander Woude, Grant & Co., P.C. of 707 W. 11th Street, Sioux Falls, SD 57104 (the "Consultant").
TAX ID #46-0418307.

The State hereby enters into this Agreement for services with Consultant in consideration of and pursuant to the terms and conditions set forth herein.

1. The Consultant will perform the following services: Audit the individual fund financial statements of the South Dakota Board of Accountancy for the years ending June 30, 2009, and June 30, 2010. The financial statements will be presented in accordance with the financial reporting model described in GASB Statement 34. Other responsibilities of the parties are set forth in the attached Exhibit A and by this reference incorporated herein.
2. The Consultant's services under this Agreement shall commence on July 1, 2010, and end no later than November 30, 2010, unless earlier terminated pursuant to the terms hereof.
3. The Consultant will not use State equipment, supplies or facilities.
4. The State will make payment for services upon satisfactory completion of the services. The TOTAL CONTRACT AMOUNT is an amount not to exceed \$6200.00. The State will not pay Consultant's expenses as a separate item. Payment will be made pursuant to itemized invoices submitted to the State.
5. The Consultant agrees to indemnify and hold the State of South Dakota, its officers, agents and employees, harmless from and against any and all actions, suits, damages, liability or other proceedings that may arise as the result of performing services hereunder. This section does not require the Consultant to be responsible for or defend against claims or damages arising solely from errors or omissions of the State, its officers, agents or employees.
6. The Consultant, at all times during the term of this Agreement, shall obtain and maintain in force insurance coverage of the types and with the limits as follows:

Consultant agrees to maintain occurrence-based commercial general liability insurance or equivalent form with a limit of not less than \$1,000,000 for each occurrence. If such insurance contains a general aggregate limit it shall apply separately to this Agreement or be no less than two times the occurrence limit.

Consultant also agrees to maintain professional liability insurance with a limit of not less than \$1,000,000 per occurrence.

Consultant further agrees to maintain business automobile liability or equivalent form with a limit of not less than \$300,000 for each accident. Such insurance shall include coverage for owned and non-owned vehicles.

Consultant shall procure and maintain worker's compensation and employer's liability insurance as required by South Dakota or applicable state law. It shall be the sole responsibility of the Consultant to ascertain what is adequate and appropriate worker's compensation and employer's liability insurance.

Before beginning work under this Agreement, the Consultant shall furnish the State with properly executed Certificates of Insurance which shall clearly evidence all insurance required in this Agreement and which provide that such insurance may not be cancelled, except on 30 days' prior written notice to the State. The Consultant shall furnish copies of insurance policies if requested by the State.

7. While performing the services hereunder, the Consultant is an Independent Contractor, and not an officer, agent, or employee of the State of South Dakota

8. Consultant agrees to report to the State any event encountered in the course of performance of this Agreement which results in injury to any person or property, or which may otherwise subject Consultant, or the State of South Dakota or its officers, agents or employees to liability. Consultant shall report any such event to the State immediately upon discovery.

Consultant's obligation under this section shall only be to report the occurrence of any event to the State and to make any other report provided for by their duties or applicable law. Consultant's obligation to report shall not require disclosure of any information subject to privilege or confidentiality under the law (e.g. attorney-client communications). Reporting to the State under this section shall not excuse or satisfy any obligation of Consultant to report any event to law enforcement or other entities under the requirements of any applicable law.

9. This Agreement may be terminated by either party hereto upon thirty (30) days written notice. In the event the Consultant breaches any of the terms or conditions hereof, this Agreement may be terminated by the State at any time with or without notice. If termination for such a default is effected by the State, any payments due to the Consultant at the time of the termination may be adjusted to cover any additional costs to the State because of Consultant's default. Upon termination, the State may take over the work and may award another party an agreement to complete the work under this Agreement. If, after the State terminates for a default by the Consultant, it is determined that Consultant was not at fault, then Consultant shall be paid for eligible services rendered up to the date of termination.

10. This Agreement depends upon the continued availability of appropriated funds and expenditure authority from the Legislature for this purpose. If for any reason the Legislature fails to appropriate funds or grant expenditure authority, or funds become unavailable by operation of law or federal funds reductions, this Agreement will be

terminated by the State. Termination for any of these reasons is not a default by the State nor does it give rise to a claim against the State.

11. This Agreement may not be assigned without the express prior written consent of the State. This Agreement may not be amended except in writing, which writing shall be expressly identified as a part hereof, and be signed by an authorized representative of each of the parties hereto.

12. This Agreement shall be governed by and construed both as to interpretation and performance in accordance with the laws of the State of South Dakota. Any lawsuit pertaining to or affecting this Agreement shall be venued in Circuit Court, Sixth Judicial Circuit, Hughes County, South Dakota.

13. The Consultant will comply with all federal, state and local laws, regulations, ordinances, guidelines, permits and requirements applicable to providing services pursuant to this Agreement, and will be solely responsible for obtaining current information on such requirements.

14. The Consultant may not use subcontractors to perform the services described herein without the express prior written consent of the State. The Consultant will include provisions in its subcontracts requiring its subcontractors to comply with the applicable provisions of this Agreement, to indemnify the State, and to provide insurance coverage for the benefit of the State in a manner consistent with this Agreement. The Consultant will cause its subcontractors, agents, and employees to comply, with applicable federal, state and local laws, regulations, ordinances, guidelines, permits and requirements and will adopt such review and inspection procedures as are necessary to assure such compliance.

15. Any notice or other communication required under this Agreement shall be in writing and sent to the addresses set forth above. Notices shall be given by and to Nicole Olson, on behalf of the State, and by Paul Vander Woude, on behalf of the Consultant, or such authorized designees as either party may from time to time designate in writing. Notices or communications to or between the parties shall be deemed to have been delivered when mailed by first class mail, provided that notice of default or termination shall be sent by registered or certified mail, or, if personally delivered, when received by such party.

16. In the event that any court of competent jurisdiction shall hold any provision of this Agreement unenforceable or invalid, such holding shall not invalidate or render unenforceable any other provision hereof.

17. All other prior discussions, communications and representations concerning the subject matter of this Agreement are superseded by the terms of this Agreement, and except as specifically provided herein, this Agreement constitutes the entire agreement with respect to the subject matter hereof.

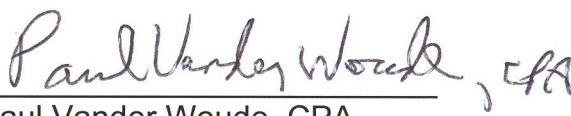
In Witness Whereof, the parties signify their agreement effective the date above first written by the signatures affixed below.

STATE


CONSULTANT

BY: 
Nicole Kasin
Executive Director
SD Board of Accountancy

Date: 6-10-10

BY:  CPA
Paul Vander Woude, CPA
Partner
East, Vander Woude, Grant & Co., PC

Date: 6-10-10

BY: 
Pamela Roberts
Department Secretary

Date: 6-21-10

State Agency Coding (MSA Center) 103100061802.

State Agency MSA Company for which contract will be paid 6503.

Object/subobject MSA account to which voucher will be coded 5204040.

Name and phone number of contact person who can provide additional information regarding this contract: Nicole Kasin, 605-367-5770.

EAST, VANDER WOUDE, GRANT & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

www.evwg.net

Paul T. East, CPA
Paul W. Vander Woude, CPA
Rose M. Grant, CPA, MST

707 WEST 11th STREET
Sioux Falls, SD 57104
(605)334-9111
(605)334-2195 FAX

June 7, 2010

To the Board of Directors
and Nicole Olson, Executive Director
South Dakota Board of Accountancy
301 E. 14th Street, Suite 200
Sioux Falls, SD 57104

We are pleased to confirm our understanding of the services we are to provide for South Dakota Board of Accountancy for the years ended June 30, 2009 and 2010. We will audit the financial statements of the business-type activities, which comprise the basic financial statements of South Dakota Board of Accountancy as of and for the years ended June 30, 2009 and 2010. Accounting standards generally accepted in the United States provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement South Dakota Board of Accountancy's basic financial statements. Such information, although a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to South Dakota Board of Accountancy's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited.

1. Management's Discussion and Analysis.

Audit Objectives

The objective of our audit is the expression of opinion about whether your basic financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of South Dakota Board of Accountancy and other procedures we consider necessary to enable us to express such an opinion. If our opinion on the financial statements is other than unqualified, we will fully discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or to issue a report as a result of this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with laws, regulations, and the provisions of contracts or grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and compliance will include a statement that the report is intended solely for the information and use of management, the body or individuals charged with governance, others within the entity, and specific legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties. If during our audit we become aware that South Dakota Board of Accountancy is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Management Responsibilities

Management is responsible for establishing and maintaining effective internal controls, including monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; for the selection and application of accounting principles, and for the fair presentation in the financial statements of the financial position of the business-type activities of the South Dakota Board of Accountancy and the respective changes in financial position and cash flows in conformity with U.S. generally accepted accounting principles.

Management is also responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded. Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the entity complies with applicable laws, regulations, and the provisions of contracts or grant agreements and for taking timely and appropriate steps to remedy any fraud, illegal acts, violations of contracts or grant agreements, or abuse that we may report. You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles.

Management is responsible for establishing and maintaining a process for tracking the status of findings and recommendations. Management is also responsible for identifying for us previous audits or other engagements or studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us the corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings,

conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. We will plan and perform the audit to obtain reasonable rather than absolute assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the entity or to acts by management or employees acting on behalf of the entity. Because the determination of abuse is subjective, *Government Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because an audit is designed to provide reasonable, but not absolute assurance and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform you of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform you of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as an auditor is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts and may include direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Audit Procedures – Internal Controls

Our audit will include obtaining an understanding of the entity and its environment, including internal control sufficient to access the risk of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of South Dakota Board of Accountancy's compliance with the provisions of applicable laws, regulations, contracts, agreements and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash and other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to South Dakota Board of Accountancy; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of East, Vander Woude, Grant & Co., P.C. and constitutes confidential information. However, pursuant to authority given by law or regulation, we may be requested to make certain documentation available to the State of South Dakota Auditor General, or its designee or other grantor agencies for purposes of quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of East, Vander Woude, Grant & Co., P.C. personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or any additional period requested by the State of South Dakota. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party (ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit approximately October 5, 2010 and to issue our reports by November 30, 2010 unless we have unexpected problems or information is not available by then. Paul Vander Woude is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be based on the time actually spent at our standard hourly rates, plus out-of-pocket costs, such as report production, travel, postage, etc except that we agree that our gross fee including expenses will not exceed \$6,200. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as the work progresses and, in accordance with SDL 4-11-7, are payable upon presentation up to 90 percent of the billed amount. The final payment, including any retainage, shall be due and payable upon acceptance of the report by the Auditor General. Should unforeseen circumstances arise that would require a significant extension of our auditing procedures, we would discuss with you the specific matters involved before extending our audit scope and incurring additional costs. In such a case, this letter may need to be modified and reissued.

South Dakota Board of Accountancy

June 7, 2010

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Government Auditing Standards require that we provide you with a copy of our most recent quality control review report. Our 2007 peer review report accompanies this letter.

We appreciate the opportunity to be of service to South Dakota Board of Accountancy and believe this letter accurately summarizes the significant items of our engagement. If you have any questions please let us know. If this letter correctly expresses your understanding, please sign all three copies where indicated, return one duplicate copy to us, and submit one copy to:

Robert Christianson, State Government Audit Manger
SD Department of Legislative Audit
427 South Chapelle
% 500 East Capitol
Pierre, South Dakota 57501-5070

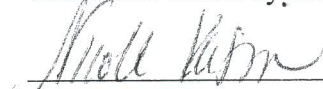
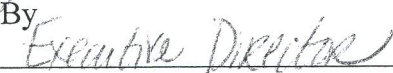
Sincerely,

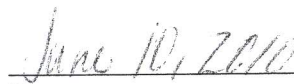


Paul Vander Woude, CPA
East, Vander Woude, Grant & Co., P.C.

RESPONSE:

This letter correctly sets forth the understanding of South Dakota Board of Accountancy.


By _____

Title _____


Date _____



Certified Public Accountants, LLP

11 South 84th Street
Suite 100
Lincoln, NE 68510

Phone: 402-483-7781
Fax: 402-483-5198
800-747-0081

Email:
info@BMGCPAs.com
www.BMGCPAs.com

Tax Planning and
Preparation

Retirement Planning

Auditing and
Accounting

Business Consulting

Business Valuations

Computer Consulting

To the Shareholders East, Vander Woude & Co., P.C.

We have reviewed the system of quality control for the accounting and auditing practice of **East, Vander Woude & Co., P.C.** (the firm) in effect for the year ended March 31, 2007. A system of quality control encompasses the firm's organizational structure, the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of CPAs (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included among others, audits of Employee Benefit Plans and engagements performed under *Government Auditing Standards*. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the system of quality control for the accounting and auditing practice of **East, Vander Woude & Co., P.C.** in effect for the year ended March 31, 2007, has been designed to meet the requirements of the quality control standards for an

accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of complying with professional standards.

BMG Certified Public Accountants, LLP

BMG

Lincoln, Nebraska
May 15, 2007